CRITICAL EVALUATION OF MARKETING PRACTICES – A STUDY OF PUBLIC AND PRIVATE SECTOR BANKS IN HIMACHAL PRADESH

A
SYNOPSIS

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1. INTRODUCTION

Today, marketing must be understood not in old sense of making a sale-'telling and selling' but in the new sense of satisfied customer need. Philip Kotler has defined the marketing as a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others for a managerial definition, marketing has often been described as art of selling product' but people are surprised when they hear that the most important part of marketing is not selling. It is rather the tip of the marketing iceberg. Peter Drucker, a leading management theorist, puts it this way: there will always, one can assume, be need for come selling. But the aim of marketing is to make selling superfluous. The aim of marketing is to know and understand the customer so well that product or service fits him and he sells it. Ideally marketing should result in a customer who is ready to buy. All that should need then is to make the product or service available. The American marketing association offers the definition: Marketing is process of planning and executing the conceptions, pricing, promotion, and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational goals. We see marketing management as the art and science of choosing target markets and communicating superior customer value

1.1 MARKETING CONCEPT IN INDIAN BANKS

Concept "Bank Marketing" is the combination of two different words, Bank and Marketing. In a true sense, it is application of marketing principles in the banking services or conceptualization of marketing in the decision-making process of banking organization.

The marketing approach involves anticipating, identifying, reciprocating (through designing and delivering customer-oriented services), and satisfying the customer's needs and wants effectively, efficiently and profitably. Banking is a personalized service-oriented industry and hence should provide services, which satisfy its customer's needs. These customers come from different strata of economy. Naturally, the need of each group of customers is different from that of the others. It is therefore, necessary to identify different groups of customers, find out their needs, design the schemes to suit their needs and deliver these schemes in the best possible manner.

Bank marketing refers to the creation and delivery of want satisfying services to the present and perspective customers at some profit to the banks by integrating various banking

activities effectively. Bank marketing must be customer-oriented, thereby keeping a track of the hopes and expectations of customers. Banks should always strive for creating new and innovative services, keeping in view the changing needs and life style of their customers from time to time. This entails on them to:

1) Identify the present and future markets for bank services.
2) Select the customer market segments to be served.
3) Set short and long-term goals for the existing and new services.

According to NIBM, Pune, "Bank marketing is the aggregate of functions, directed at providing services to satisfy customers' financial (and other related) needs and wants more effectively and efficiently than the competitors, keeping in view the organizational objectives of the bank."

The new marketing concept revolves around consumer satisfaction. Every business wants to grow consistently. It wants to attain a growth, which knows no end. The consumer satisfaction is the basis of all business actions with a view to earn more profits which continue to grow.

According to the new concept about marketing the theory of banking says that the banks exist or the customers; the most important person is the customer; that the customer is the purpose of business and is the most welcome and valued person on its premises.

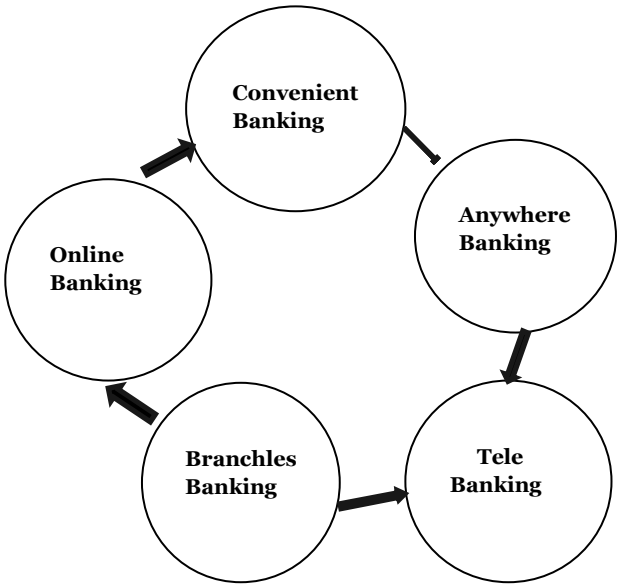
'The customer is the king' Today each and every bank chants 'the customer is king' mantra. It was quite a different story not so long ago. New marketing concept applied to a bank means that:

1) The bank should continue to create new services for the use of customers and deliver the existing services to consume most effectively.
2) Bank marketing must be customer-oriented.
3) Owners, whose return is to measure primarily by profits that the banks earn, supply the banks with equity capital. This is not to say that banks should ignore serious community problems because they are not profitable to the banks.

Banking is extremely important in the world economy. The banking functions have become a normal routine of one's life. But the emergence of private sector banks has changed the whole scenario of the banking functions in the recent years.

Banks nowadays plan to lay greater stress on consumer banking with a view to achieve higher market penetration and profitability. Today the scenario is totally different. Reasons of marketing focus are growths of banks are:

1) Ever-growing competition has improvised on existing features and created new facilities, which are more customer-friendly.
2) Growing India middle class today has disposable surplus income and aspires for better lifestyle.
3) The busy business executive needs cash at any time and are willing to pay extra for this service.
4) New breed of financial service brands which have appeared on the banking horizon are:



5) Technology is playing all-time great role in providing efficient and accurate services.

1.2 EMERGENCE OF BANK MARKETING IN INDIA AFTER NATIONALISATION OF BANKS

Marketing helps in achieving the organizational objectives' of the bank. This means that marketing is equally applicable to achieve commercial and social objectives of the banks. India banks have dual organizational objectives:

1) Commercial objectives to make profits, and
2) Social objectives, which is developmental role particularly in the rural areas.

During the 1960s in India, banks were even more conservative and inward looking, concerned only with their profits. As a matter of fact, competition amongst the banks was not in existence as SBI and its associate banks, enjoyed government patronage. All these banks had limited range of services, which included Current Accounts, Term Deposit accounts and Saving Bank Accounts in deposits area. It was the phase of select banking.

Even the advertisements released till 1966 were not only few but they had very little to attract their customers. Up to 1969, (pre-nationalization era) customers were presented with pre-determined options of the banking products.

After the nationalization of commercial banks in 1969, the competition increased and banks'; approach towards customers changed because now the focus was gradually shifting to marketing their products. Banks were' product-oriented organization' placing before the prospective customers, their range of services, expecting him to choose, presuming that the customer had the knowledge, time, interest and skill to select one or the other service that would suit him.

The first major step in the direction of marketing was initiated by State bank of India when in 1972, it reorganized itself on the basis of major market segments, dividing the customers on the basis of their business/commercial activity and carved out four major market segments viz. Commercial and institutional segment, Small industries and small business segment, Agriculture segment, and Personal and services banking segment.

After that, the associate Banks of SBI also adopted this concept in 1975. The main purpose of this exercise was to devise separate package of services for various categories of clients. This new organizational framework embodied the principle that the existence of an organization is primarily dependent upon the satisfaction of customer needs.

As a result of rapid branch expansion between 1970 and 1985, there was a change from class banking to mass banking and a large variety of people from various cross sections of the society started dealing with the banks. In 1990s, due to massive social banking, customers satisfaction was not getting due care. After the opening of new private sector banks, four shifted to customer satisfaction and delight through efficient and innovative services. Public sector banks also accepted the challenge and followed suit. Today, in order to attract more and better customers, the banks in India have to adopt a marketing approach.

Naturally customer satisfaction and retention will be one of the critical factors to banker's success in the current competitive environment.

2. REVIEW OF LITERATURE

TIebbar (1988) studied that marketing strategies of banks aimed at inculcating the habit of thrift among the people. The suggestion is that keeping the rural branches open on Sundays can augment savings. Direct marketing is also suggested to reduce waiting time exponentially and enhance customer satisfaction. Erratic behavior of the employees, suspicious looks of the staff, vague knowledge of the products, undynamic promotional methods etc., may hamper the banking business in rural areas.

Bhattacharyya & Biswa (1989) explained in his study by keeping the social objective of the country in mind; banks have to strike a balance between social banking and this new banking, i.e. high profit and high-risk banking. The growth of savings has to be maintained through mutual fund business, which will attract a large portion of small savings. This would even lead to further savings growth in rural and semi-urban areas through the banking sector.

Marugesan & Rao (1991) analyzed the performance of Public Sector banks in the context of (i) productivity and growth, (ii) social objectives, and (iii) profitability ratios over the period 1973-86. The major conclusions of the study are (i) the performance in terms of deposit mobilization, opening of branches and deployment of advances during the study period has been impressive, (ii) both operating expenditure and establishment expenditure have declined during this period indicating an efficient management of banking activities, (iii) deposit-credit ratio in rural areas has increased, (iv) public sector banks have not performed better in terms of profitability, and (v) gross and net profits have also declined.

Chidambaram (1994) studied the promotional mix available to bankers for the marketing of services such as direct marketing, public relations, social banking and customer meets. The study concludes that a good promotional mix is one that a) that takes into account the objectives of the bank and lays emphasis on those services which are of current significance, b) reaches various customer segments very effectively, c) creates a desire to seek out the services offered, d) builds a positive image for the bank, and e) strike a balance between cost and effectives.

Walker (1995) explained in his study on service encounter satisfaction, he conducted the study on this model affords one a better understanding of the process of service satisfaction.

By identifying and separating the peripheral and core dimensions of services, by explicitly considering the evaluation process over time, by implementing the concept of active and passive expectations within a service encounter, and by incorporating a consumer‘s zone of indifference, a more realistic decision process for consumer evaluations of services comes forth.

Webster (1995) conducted the study on marketing culture and marketing effectiveness in service firms, marketing culture refers to the unwritten policies and guidelines which provide employees with behavioral norms, to the important the organization as a whole places on the marketing function, and to the manner in which marketing activities are executed.

Fojt (1995) conducted the study on calculating the return on quality, four principles behind this approach are: quality is an investment, quality efforts must be financially accepted, it is possible to spend too much on quality and not all quality expenditures are equally valid. Quality improvements should be treated as investments: They must pay off and spending should not be wasted on efforts which do not carry their own weight.

Hedda (1996) conducted the study on customer acquisition in sticky markets based on 75 sales people critical incidence reports on success and failures in establishing new relationships in a sticky business market for industrial components, a classification of 4 contingencies and associated strategies for acquisition for acquisition of new customers are suggested: new or first time users of company products, existing users of the product who are looking for a new supplier because they are unhappy with the existing supplier, existing users who may be open for an additional supplier and existing users who break existing ties with a present supplier, despite of their satisfaction to take up a new supplier.

Astana (1997) observed that in the early years of development of banking business, there were a few banks catering to the financial needs of large number of customers. In such demand supply situation, the banking had monopoly in providing services to the customers. Banks started integrating components of marketing in to their operation since 1950s when they introduced themselves to customers through advertisement.

Gupta (1997) described the emergence of services sector and banks experience in service marketing. He emphasized customer satisfaction as the key to success and suggested a few measures to meet the needs and expectations of the customers.

Chan & Yong (1999) suggested that the feasibility very much depends on a bank organizing and coordinating capabilities that are developed and refined through managerial commitments, learning and experiences, as well as a careful assessment of various organizational activities and it‘s inter relationships within the entire business system.

Krishnan (1999) explained in his article customer satisfaction for financial services: the role of products, services and information technology: He discussed a full Bayesian analysis based on data collected from customers of a leading financial services company. The study found that satisfaction with product offerings is a primary driver of overall customer satisfaction. The quality of customer service with respect to financial statements and services provided through different channels of delivery such as information technology enabled call centers and traditional branch offices, are also indicates that the impact of these service delivery factors may differ substantially across customer segments. In order to facilitate managerial action, we discuss how specific operational quality attributes for designing and delivering financial services can be leveraged to enhance satisfaction with product offerings and service delivery. Our approach and findings have significant implications for managing customer satisfaction in the financial services industry.

Soteriou & Zenios (1999) commented that for combining’s strategic benchmarking with efficiency, benchmarking of the services offered by bank branches. In particular, a cascade of efficiency benchmarking models is developed guided by the service profit chain. Three models based on the non-parametric technique of Data Envelopment Analysis-are developed in order to implement the framework in a practical setting: (1) An operational efficiency model (2) A service quality efficiency model, and (3) A profitability efficiency model. The use of the models in illustrated using data forms the branches of commercial banks. Empirical results indicate that we gain superior insights by analyzing simultaneously the design of operations together with the benchmarking these three dimensions separately. Relationships have also been established between operational efficiency and profitability, and between operational efficiency and service quality.

Uchupalanan (2000) examined in his article the dynamic relationships between competitive strategy and information technology based products and process innovations in financial services. The study draws on detailed case studies of five IT based innovations inter branch online service, automated teller machine service, credit card service and electronic fund transfer at point of sale service.

Himachalam *et.al* (2002) explained that a new innovation strategy is an essential feature of financial sector as its success depends ultimately on its strategy for marketing their services. Their focus always must be on consumer. Consumer is the king of market for whom the products and services are manufactured and distributed. The financial company should focus their attention on the customer satisfaction through its services. While meeting the needs of customers the financial sector should take necessary care to deliver qualitative services, timely services, promptness in sale service and extension of proper courtesy to the consumers, the competitive pricing of their service and so on. In order to get more profitability they have to expand their business operations by adopting innovative method with their professionalism in managing the things. As the services relate to human beings, it requires human touch and human skill. While delivering the services to the customers the company has to take special care in selection of their personnel. They should possess the skill of human values and extending courtesies to their customer because human elements in these services are more important. Towards this end a proper training is very essential in discharging their duties and also tackling the issues of customers in a more efficient way and rendering their services to the fullest satisfaction of customers and should believe that customer's satisfaction is the main goal of their business. Financial services can be successful only when they care for consumer's satisfaction and interest.

Kumar (2004) studied that the private banks, especially the foreign ones have been giving the nationalized banks a run for their money. Banks like ICICI, UTI, HDFC, IDBI and Kotak Mahindra Bank have made spectacular growth both in terms of volume of business generated and customer services by launching various innovative banking products which were hitherto unheard in Indian economy at least. Entry and / or expansion of such foreign banks as City Bank, American Bank, Standard Chartered Bank, HSBC Bank Etc. have all along been leading the way both in terms of innovative approach to tap potential customer base and introduction of imaginative products and services in the Indian market.

Amuthan (2004) observed that while delinquency rates are inching up, with even housing finance companies facing some delinquencies, the reworking of retail strategies by banks betting on retail will see this segment evolve in the coming days. As long as there is demand for retail lending, banks will ensure that retail banking keeps powering ahead while innovating to keep risks at the minimum. As for HDFC Bank and ICICI bank, they are stealing the show over all other banks in terms of retail business. It's only their continued

thrust that their world class banking saw them yielding the net profits of Rs. 387 crores and Rs. 1206 crores respectively

Reddy & Sree (2004) explained that the Indian financial system comprises an impressive network of banks and other financial and investment institutions offering a wide range of products and services which together function in a fairly developed capital and money market. The Indian banking industry is characterized by a move towards liberalization of the financial, money and capital market and its globalization by entering foreign trade as per the changes in global economy. It has seen many changes in the last decade. Greater competition among banks entry of new private banks, mergers and increasing complexity in business are its critical success factors. Also more emphasis is given to risk management. No wonder, many structural reforms have taken place in the industry.

Saravanan (2004) observed that the banks, which started as "Store houses of money" in the olden days, have undergone many changes in the field of their functioning. They have played an important role in building the economy of individuals and the nation as well. Further, their policies had also to be changed in tune with policies of the Government on rule. Recently, the emergence of modern technologies also had its own impact on the functioning of the banks. Like products marketing, service marketing, especially in banking sector, is also gaining momentum now days. There is tremendous scope for this line of marketing as the banks not only build the national economy, but also earn valuable foreign exchange to the country.

Dhar & Nowlis (2004) conducted the study on, to buy or not to buy: Response mode effects on consumer choice, this article extends research on evaluation differences in response modes to situations in which the no-choice option is available. Prior research on choice deferral has presented the no-choice option as another response option (i.e. an unconditional brand choice response mode), which has its primary focus on the selection decision.

Dixit (2004) concluded that for successful marketing and to make it more effective, identify the customer needs by way of designing new products to suit the customers. The staff should be well equipped with adequate knowledge to fulfill the customer's needs. We should adopt long-term strategies to convert the entire organization into a customer-oriented one.

Bhat (2005) observed that delivering higher levels of service quality is the strategy that is increasing being offered as a key to service provider's efforts to position themselves more prominenently in the marketplace. Almost all banks perform same functions. Therefore,

customer takes into account the relative efficiency while choosing a particular bank. Moreover, banks carry on business with public money and, therefore, customers expects better services from them. Under such circumstances, customer's decision to patronize one and not the other is based on quality service offered to him. Firms therefore prosper or decline, depending upon the quality of service they provide to their customers. Because of this widespread belief, service organisations have placed service quality at the top of the list of their strategic constructs.

Joshua (2005) viewed that the recognition of service quality as a competitive weapon is relatively a recent phenomenon in the Indian banking sector. Prior to the liberalization era the banking sector in India was operating in a protected environment and was dominated by nationalized banks. Banks at the time did not feel the need to pay attention to service quality issues and they assigned very low priority to identification and satisfaction of customer needs. After liberalization as a result of partial implementation of the Narsimhan Committee Report the nationalized banks and old generation, private banks started facing competition from the new private and foreign banks that had international banking standards.

Das & Ghosh (2006) investigated the performance of Indian commercial banking sector during the post-reform period. They have evaluated several efficiency estimates of individual banks using non-parametric data envelopment analysis. They have employed three different approaches, viz. intermediation approach, value-added approach and operating approach in defining inputs and outputs of banks.

Patnaik & Chhatoi (2006) assessed the marketing efforts of the State Bank of India, which enjoy the status of premier bank in India. He also concludes that banks have a wide network of branches for delivery of products. It has taken up some measures to improve the quality of its employees and customer service at branches. But its pricing are wilting under competition without any regard to costs and it is yet to give due emphasis to its promotional measures.

Rajasekhara (2008) stated that creative effective communication with customers is most important aspect in services marketing. He evaluates the effectiveness of advertising and personal selling practices of Ethiopian service sector in communicating with its customers with the aim of finding solutions to improve the existing communication and customer satisfaction. He found that marketing communication mix elements viz. Advertising and personal selling are moderately effective in providing information, creating awareness and

changing attitude whereas ineffective in building company image and enforcing brand loyalty.

Gupta & Mittal (2008) stated that a well -designed promotional strategy is very important to promote banking services effectively .They studied that the promotional strategies of private and public sector banks are almost similar. Both types of banks take the help of almost all type of media to promote their services. The major difference in the promotional strategies adopted by banks is in the two techniques of the promotion and they are "Personal Selling" and "Direct Marketing". The difference is that public sector banks do not adopt the strategies of promotion as personal selling and direct marketing; on the other hand the same are adopted by private sector banks.

Hossain & Leo (2009) pointed out that customer's perception is highest in the tangible area and lowest in the competence area. In order to achieving higher levels of quality service in retail banking, banks should deliver higher levels of service quality and in the present context customers perceptions are highest in the level of infrastructure service facilities of the bank, followed by timing of the bank, and return on deposit. Owing to the increasing competition in retail banking, Customer service is an important part and bank managers should be rethinking how to improve customer satisfaction with respect to service quality.

Akinyele & Kola (2010) reported that creating effective communication with customers is the most important aspect in services marketing. The effectiveness of advertising and personal selling practices of Nigerian service sector in communicating with its customers with the aim of finding solutions to improve the existing communication and customer satisfaction was accessed. Five parameters 1) Providing Information 2) Creating Awareness 3) Changing Attitude 4) Building company Image 5) Enforcing Brand Loyalty were considered in the study.

Olalekan (2011) observed that the male and female customers perceived e-banking services differently and thus they patronize the service for different reasons. Hence for the different banks to sustain their interest there is dire need to emphasize the common factors to the particular gender whose patronage is essential depending on the product. The result also help to identify the particular unique selling proposition to be emphasized by the banks in the course of marketing any gender inclined product, as their particular area of interest is important to emphasis.

Jain *et.al* (2012) found that the growing needs of the customers are evident from the wide array of services being offered by the bank like insurance, mutual fund, depository customers, in which the private sector banks have emerged as the significant players. This in turn points towards the customer and their needs. Beside this, these banks should follow the strategy of differentiation service, etc. According to reserve bank of India, the voluminous increase of 14, 85,643 Crores in the retail financing schemes of the various banks indicates the varied needs of the of services offer from one another.

Venkatesh (2013) examined the long term effects of present day relationship marketing by analyzing various customer friendly programmes that companies dish out and the reactions of the customers to these relationship building programs in last six years. They concluded that the organizations will have to come out long term strategies to keep their regulars for a long time. Otherwise, all these contemporary marketing schemes would remain temporary. As of now, the contemporariness in having long term relations seems to be in maintaining great quality and catering to different generations (their habits, interest and wants) of regular customers.

Brun *et.al* (2014) explored the relationship marketing and identified the elements that are predominant to ensure the success through internet. The exploratory Cognitive mapping technique was employed on the three types of respondents banking experts, online customers and academic experts. Authors found the similarity of traditional relationship marketing and e relationship marketing.

Srivastava & Mittal (2016) discussed in their paper with the help of forward stepwise regression, how various variables both negatively and positively influenced customers' satisfaction with Internet banking. Data were collected from 500 respondents (250 from private sector banks and 250 from public sector banks) in India (Delhi-NCR), constituting a 65% response rate. The application of this analysis revealed that customers wanted the private sector banks to improve upon the features like quality of service, frequency of reminder given for password change, safety, privacy of ID and password, and proper entering of the details in the bank registers. In case of the public sector banks, customers had different sets of concerns - like they were much worried about the lack of development in rules and regulation of E- banking as well as the poor regulatory framework in Internet banking. However, security issues aroused a common concern from the customers in case of both sectors of banks. The results also showed that the customers were ready to adopt Internet banking provided they were given necessary guidelines and constant built up of trust.

Paul *et.al* (2016) examined the impact of various service quality variables on the overall satisfaction of customer and compares the private and public sector banks using a sample from India. They concluded that In the case of private sector banks, knowledge of products, response to need, solving questions, fast service, quick connection to the right person, and efforts to reduce queuing time were found to be the factors that are positively associated with overall satisfaction. Assistance to the customer, appearance, and follow up are negatively associated with customer satisfaction. On the other hand, in the case of public sector banks, knowledge of the product and fast service are the factors which are associated positively and appearance is the only factor that is negatively associated.

3. Research Gap

It must be very clear from the above quoted studies that very limited study have been conducted so far on the customer satisfaction level or marketing practices. And further it is also observed from the above studies that the researchers has always tried to study on marketing practices on the basis of just one or two parameter only. Moreover these studies are confined to only one sector of banks either private sector banks or public sectors banks at a time. Hence none of these studies has taken in to account both sectors simultaneously, which are not only closely related with each other but are independent also. Therefore, this study will prove to be an outstanding effort to correlate the both sector banks and to remove bottleneck of previous studies. This study has taken in to account all the two aspects, i.e. measurement of customer perception i.e., their satisfaction level and attitude of bank executives towards marketing practices of banks. Further this thrust area of the study may be useful for higher level executives of banks to make the marketing strategy more customer oriented and also this study could proved to be more fruitful for the banks for their further promotion or expansion of market share.

4. Need of the Study

One of the important objective of the state is to have overall socio-economic development of the economy. It is important that all the segments and sections of a state should equally enjoy fruits of development. In the absence of socio-economic and regional equity the sustainable process of economic development cannot be achieved. Despite witnessing substantial progress in financial sector reforms in India, it is disheartening to note that nearly half of the rural households even today do not have any access to any source of funds-institutional or otherwise. Hardly one-fourth of the households are assisted by banks. Hence the major task before banks is to bring most of those excluded, i.e. 75% of the rural households, under banking fold. But the task is not so easy since they are illiterate, poor and unorganized. They are also spread far and wide. What is needed is to improve their living

standards by initiating new/increased economic activities with the help of banks, NGO's and local developmental agencies. To start with, it is necessary to develop a fair understanding of their profile. In addition, their perception about the bank and its services needs to be understood (**Porkodi, 2013**) cited by Singh (2014).

Financial institutions act as a channel through which the financial surplus of saving group in a society are collected and then redistributed to groups in a society, which have a financial deficit. Within the financial services sector, the banks constitute an important segment of financial intermediaries as is evident from the fact that the aggregate deposits of banking sector as a whole constitute approximately 80 percent of the total money supply in Indian economy. Liberalization and deregulation process initiated by the Indian Government in the early nineties has completely changed the face of the Indian banking industry. The entry of private sector banks and foreign banks with the state-of-art technology and lean structures has forced the old private-sector and public-sector banks to respond to the new challenges with aggressive restricting measures. Hence, Indian banks have entered the phase of new challenges in the form of increased competition within the industry, lower entry barriers for new players, presence of alternative forms of financial intermediation, the every increased demand for skilled people and finally the customers who are before and would not remain satisfied for long with one particular service. The key business concerns being faced by the banks can be broadly classified as:

1) Facing increased competition.

2) Improving profitability.

3) Exceeding customer expectations

4) Improving employee productivity

The financial service units should adopt a right strategy for marketing their services in the ever-changing competitive environment and should focus their efforts on areas like-customer orientation, quality of the services, price of services, tapping new business avenues, uniqueness, etc.

Modern bank management starts with the customers, lives with customers and dies because of the customers. There should be perfect matching between services provided by the banks

and services needed by the customers. They have to devise future-oriented, integrated and environment sensitive service marketing strategies.

The present study has several manifestations. Basically the study is helpful to analyze customer satisfaction level in the selected banks from public and private sectors of banks. Second, to analyse the attitude of bank executives towards the current marketing practices of both sector banks i.e., Public and Private Sector Banks. Third, an attempt will be made to make a comparison of current marketing practices being deployed by various sectors of banks. At last to identify the problems experienced at different levels and recommend suggestions to strengthen the marketing practices and strategies in Banking Sector. There has been no comprehensive study which might have taken all the aforesaid objectives and issues together. The present study is an attempt to consider each of the above said issues and fill the existing gap.

5. Scope of the Study

In the present study we will undertake an analysis of current marketing practices and attempt to assess the customer perception in various sector banks in India. We will also study relationship between customer satisfaction and performance of banks in different sectors, highlighting the factors that make for success and the reasons for their failure. Some existing provisions governing the management of marketing practices will be explained fully to capture their utility in the present day context and their utility will also be explored by way of an empirical investigation of the grass root reality. This research may facilitate the various sector banks by giving deep insight in to marketing practices of various sector banks. The scope of this research will be to bridge the gap among the previous studies undertaken so far. The work is both exploratory and explanatory in nature. To concentrate on the objectives of this study the scope of the present study will be limited to bank customers from Solan, Shimla and Mandi.

Due to lack of expansion of private sector banks at block level the data will be computed at district level only. For the purpose of data collection 200 banks stakeholders (100 public sectors banks stakeholder and 100 private sector banks stakeholders) will be selected on the basis of random sampling from each district and thus the total no. of the respondents for the study will be 600 stakeholders (200 stakeholder X 3 districts). Further the demographic profile of the stakeholders i.e. age, income level; occupation, caste, religion and education level of the stakeholders may be considered

6. Objectives of Study

1) To study the existing network of Public and Private Sector Banks in H.P.
2) To evaluate the customer satisfaction level regarding the available marketing practices of Banks
3) To analyse the attitude of bank executives towards the prevailing marketing practices followed by the selected Public and Private Sector Banks
4) To analyse the comparative marketing practices adopted by Public and Private Sector Banks
5) To identify the problems experienced at different levels and recommend suggestions to strengthen the marketing practices and strategies in Banking Sector.

7. Hypothesis

Within the framework of the above objectives, the study seeks to test the following important hypothesis:

1) The marketing practices followed by public sector banks and private sector banks are same.
2) There is no significant difference in the level of customer satisfaction in both sector banks.
3) The attitude of all bank executives are found to be insignificant towards their marketing practices
4) Both sector bank executives found various problems while implementing marketing practices

8. Research Methodology

This study will be based on primary as well as secondary data. In order to study the current marketing practices of banks data will be collected by the following sources:

8.1 Primary Data

The primary data are those which are collected for the first time. In other words the primary data are original in character. Primary data are original observations collected by the researcher. In the present study the structured questionnaires, personal interviews and observation method will be applied as primary source of data. To hold a comparative

examination of the current marketing practices deployed by Public and Private Sector Banks a survey of 8 top marketing executives from the already selected banks and a questionnaire relating to marketing practices in banks will be prepared. An interview will also be conducted of the selected executives. To evaluate the perception of customers regarding the available marketing practices of banks a field survey of customers of both sector banks will be conducted. A structured questionnaire will also be prepared to collect information from customers regarding different types of services being deployed by both sectors of banks. Observation method will also be applied while customers actually making the transactions personally in the banks, without their being conscious that they are under the scanner of any researchers.

8.2 Secondary Data

In order to study the marketing practices of banks, secondary data will be collected from the various sources the published material in various annual reports of banks, RBI bulletin, economic newspapers, journals, business magazines and different official sources to form the edifice of further study and to capture the overall trends in banking scenario.. Secondary data will also be collected from the National Sample Survey organization (NSSO) reports, Economic survey, IFC & IBS reports, RBI Annual Reports, private companies white papers, international journal of articles, books, Economic Review, Indian Economic Journal, Financial Express, Internet documents and web reports etc.

8.1.1 Sampling Design:

To analyse the attitude of bank executives towards the current marketing practices followed by different banks, a sample of 8 top level executives (1 each from selected banks) will be taken.

To evaluate the perception of customers regarding the available marketing practices of banks the following stages will be followed

1st Stage: In the first stage out of 12 districts of Himachal Pradesh only 3 districts viz., Shimla, Solan and Mandi will be selected for the proposed study on the basis of availability of private sector banks.

2nd Stage: In the second stage the data will be collected from the four banks from each sectors viz., State Bank of India (SBI), Punjab National Bank (PNB), Canara Bank and UCO Bank from public sector and HDFC Bank, ICICI Bank, Axis Bank, and Yes Bank from Private Sector.

Research Design

SI. No.	Districts	Banks		Total Banks	No. of Stakeholders		Total no. of Stakeholders
		Public Sectors	Private Sectors		Public Sectors	Private Sectors	
1.	Shimla	4	4	8	100	100	**200**
2.	Solan	4	4	8	100	100	**200**
3.	Mandi	4	4	8	100	100	**200**
Total	**3 Districts**	**4 Banks from each district**	**4 Banks from each district**	**8 from each districts**	**300 Stakeholders**	**300 Stakeholders**	**600 Stakeholders**

8.1.2 Techniques for Analysis:

Statistical Methods are very useful for the research. Statistical methods are employed to throw light upon the situation and to probe the unknown. These methods reduce a mass figure to a single figure and it becomes easy to compare. Keeping in view the objective of the study, different techniques will be used to analyze the collected data.

(1) Diagrammatic and Graphic Representation

Chart, tables, and graphs will be used. These methods give a bird's eye view of a given set of numerical data. They register a meaningful impression on the mind almost before anyone thinks. They also save a lot of time as a very little effort is required to grasp them and draw meaningful inferences from them.

(2) Averages

Averages hold a very important place in all types of statistical work because they hold a very important place in all types of statistical work because they describe the inherent characteristics of frequency distribution in a concise manner. The arithmetic mean will be used. The purpose is to judge the nature of distribution.

Arithmetic Mean is calculated

$$\overline{X} = \frac{\Sigma X}{n}$$

$\overline{X} = Arithmetic\ Mean$

$\Sigma = Sigma\ or\ Summation$

$X = Values$

$n = number\ of\ observation$

(3) Measure of Dispersion

The different measures of variability, i.e. standard deviations will be calculated to observe the scatteredness (irregularity) of the data around the central value. The coefficient of variation will also be calculated to see the variability in the scores of various items, areas under study. The standard deviation, commonly denoted by the Greek letter 'σ' (Sigma)*, is the most widely used measure of dispersion of a series. It is the square root of the second moment of dispersion and is always calculated from the arithmetic mean. The arithmetic mean is chosen because the sum of the squares of deviations is least if the deviations are taken from the arithmetic mean. It is symbolically expressed.

$$\sigma = \sqrt{\frac{\Sigma(d)^2}{n}}$$

$d = X - \overline{X}$

$X = Marks$

$\overline{X} = Arithmetic\ Mean$

$n = number\ of\ observation$

(4) Regression Analysis

Regression and correlation are powerful statistical tools that provide quantitative expressions of the manner of extent to which events are related mathematically. Correlation refers to the relationship of variables. Some relationship is founding certain type of variables, for example, there exists a relationship between price and demand, production and employment, wages and price index. Prediction or estimation is one of the major problems in almost all sphere of human activity. The estimation or prediction of future production, consumption, prices, investments, sales, profit, income, etc. are of paramount important to a businessman or economist. Population estimates and population projections are indispensable for efficient planning of an economy. The pharmaceutical concerns are interested in studying or estimating the effect of new drugs on patients. Regression analysis is one of the very

scientific techniques for making such predictions. Regression analysis is applied to derive the regression equation based on the variables having significant correlation coefficient. The co-efficient determination method is used to judge the percentage variation in the dependent.

Rank correlation is applied to verify whether there is any relationship between advertisement and various factors. The formula is

$$r = 1 - \frac{6\Sigma D^2}{N^3 - N}$$

Where

r= coefficient of correlation

∑D2= Sum of squares of the difference between two ranks.

N= Number of Observation

(5) Chi-Square Test

The Chi-Square test is widely used as a non-parametric test in statistical work. If the chi-square value is greater than or equal to the critical value there is a significant difference between the groups we are studying and sample supports the hypothesis of difference. If the chi-square value is less than the critical value. There is no significant difference. The amount of difference between expected and actual data is likely just due to chance. Thus the sample does not support the hypothesis of a difference. The following formula helps in obtaining the value of chi-square.

$$\chi 2 = \frac{\Sigma(O - E)^2}{E}$$

O=Observed Frequencies

E= Expected Frequencies

Degree of Freedom will be (C-1) (r-1)

The above formula is used in the following manner.

1. First, expected frequencies are calculated.
2. Secondly, after getting the difference between observed and expected frequencies (O-E), the differences are squared.
3. The figures obtained in step 2 are divided by expected frequencies.
4. The summation of item obtained in step 3 gives the value of $\chi 2$

5. The value of $\chi 2$ obtained is compared with the table value of ($\chi 2$) at 5% level of significance.

(6) Analysis of Variance

The F-ratios are computed to study the significant difference in different responses of the respondents and attitudes towards products. Thus, through Annova technique one can, in general, investigate any number of factors which are hypothesized or said to be influence the dependent variable. One may as well investigate the difference amongst various categories with in each of these factors which may have large number of possible values. Investigation of one factor needs one way ANOVA and investigation of two factors at the same time need two way ANOVA.

(7) Frequency Distribution

Frequency distribution is the simplest form of representing research findings. The use of draft frequency distribution of responses (income, age, education, wise etc.) facilitated the understanding of the contents of data in the extraction sheet.

(8) Scaling Method

Scaling techniques are used as method of turning a series of qualitative facts into quantitative series known as variables. A scale may be used to measure characteristics of a respondent or to evaluate object presented to them.

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Tentative Chapterization: The proposed thesis will be organized into following chapters:

1. **Introduction**
2. **Review of Literature**
3. **Research Methodology**
4. **Indian Banking and Financial Sector Reforms**

5. **Marketing of Banking Services**
6. **Measurement of Customer Satisfaction Level**
7. **Current marketing Practices of Banks in the Changing Scenario**
8. **Sectoral Comparison of Current Marketing Practices of Banks**
9. **Conclusions and Suggestions**

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Content:

1. **Introduction:**

1.1 MARKETING CONCEPT IN INDIAN BANKS

1.2 EMERGENCE OF BANK MARKETING IN INDIA AFTER NATIONALISATION OF BANKS

2. **Review of Literatures.**
3. **Research Gap**
4. **Need of the Study**
5. **Scope of the Study**
6. **Objectives of the Study**
7. **Hypothesis:**

8. Research Methodology

8.1 Primary Data

8.2 Secondary Data

8.2.1 Sampling Design

8.2.1.1 Techniques for Analysis.

9. Tentative Chapterization

10. References